

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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POLICY

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## China - Peoples Republic of

**Post:** Beijing ATO

### Pigs Fly to China and U.S. Exporters Profit

**Report Categories:**

Export Accomplishments - Other

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**Report Highlights:**

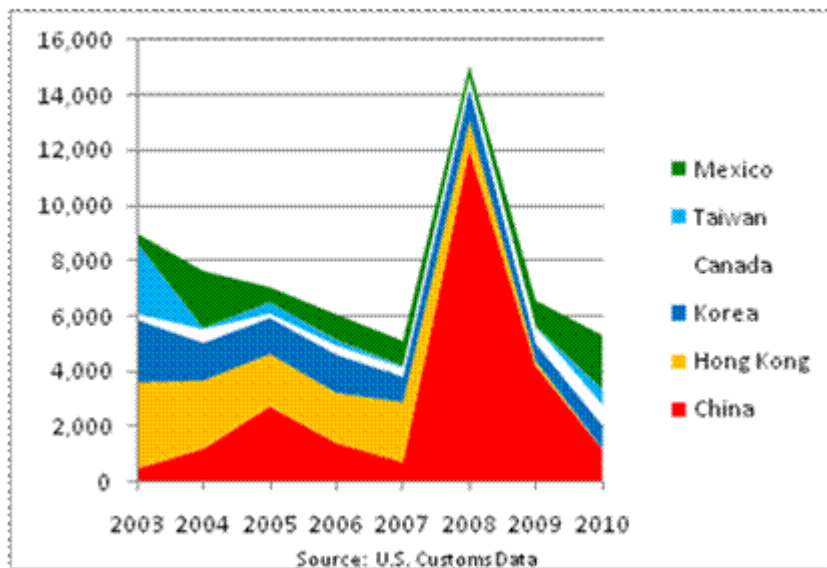
The combined efforts of FAS and APHIS offices in China have helped re-open the market for live breeding hogs. Prior to the market closure, sales had reached a record \$12 million. One Missouri-based exporter reports receiving inquiries for 1,700 head within a day of hearing that the market had re-opened.

## General Information:

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A Thriving Trade Shuts Down: Years of investment by U.S. hog exporters in China helped to establish a booming trade in breeding hogs, supported by a network of partnerships and joint ventures within China. By 2008 trade had reached a record \$12 million in value, and during the first few months of 2009 was on schedule to chart yet another record. In April, 2009, in response to the detection of H1N1 swine flu in humans in the United States, China shut down the market for pork and live hogs. One U.S. hog exporter has estimated that, including supporting services and industries, the total value of trade lost since the market closed was \$30 million. While U.S. pork regained market access in May, 2010, live hogs continued to be excluded due to China's requirement for H1N1 testing, which the United States regards as not scientifically justified.

U.S. Exports of Live Swine for Breeding  
2003-2010 (Value in \$1,000)



## The Dangers of Being Absent:

Although the existence of joint-venture breeding facilities with existing stock reduced the immediate pressure on the U.S. industry's Chinese partners, the need for new stock quickly built up to critical levels. While the United States contends that testing is not scientifically justified as a protective measure, China's other trading partners, including Canada and the Netherlands accepted the testing requirement for their own exports. This placed pressure on U.S. exporters' Chinese partners to switch sources to meet their needs. The decision to switch sourcing is not easily made, as it can have a long-term impact on breeding programs. By the same token, once sourcing has changed, switching back becomes difficult. As a result, trade lost to competitors would have been slow to recover.

## A Combined Effort by Industry and USDA:

Through regular contact with USDA offices in China, the industry made its concerns clear,

particularly with respect to the time-sensitive nature of the issue. APHIS and FAS worked closely with the industry to make sure these concerns and the potential losses to trade were fully aired with the appropriate offices in Washington, and a compromise solution was forged. Although less than ideal, a compromise acceptable to Chinese quarantine officials was reached, allowing trade to proceed. Industry sources expect trade to quickly return to pre shut-down levels, perhaps higher, as China's domestic swine industry continues to modernize. Within a day of the new arrangement, even before the official announcement, one U.S. exporter based in Missouri reported booking 1,700 head of breeding swine for shipment. Efforts continue to remove the testing requirement altogether.